

# MINUTES

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## MID-TIER AGENTS FORUM

**Tuesday 10 March 2015 (10:00am-12:00pm)  
Room 2/66, 100 Parliament Street, London SW1A 2BQ**

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<b>Chair:</b>	<b>Jeremy Tyler</b>	<b>HMRC (Business Customer &amp; Strategy)</b>
<b>Secretariat:</b>	<b>Marcy Purcell</b>	<b>HMRC (Business Customer &amp; Strategy)</b>
<b>Attendees:</b>	<b>Andrew Hubbard Tim Lyford Lindsey Wicks Stephen Nixon Lisa Macpherson Mark McGarry</b>	<b>Baker Tilly Smith &amp; Williamson Grant Thornton Crowe Clark Whitehill BDO Saffery Champness</b>
	<b>Benjamin Douglass Jon Evans Andy Leggett</b>	<b>HMRC (Business Customer &amp; Strategy) HMRC (Central Policy) HMRC (Local Compliance)</b>
<b>Speakers:</b>	<b>Leroy Wilson Caroline D'Cruz Wayne Strangwood</b>	<b>HMRC (Business Customer &amp; Strategy) HMRC (Business Customer &amp; Strategy) HMRC (CT International &amp; Stamps)</b>
<b>Apologies:</b>	<b>Jacquelyn Kimber Mark McGarry Ian Stewart Mike Crabtree Chris Simpson Theresa Middleton</b>	<b>Moore Stephens Saffery Champness HMRC (VAT) HMRC (Specialist PT) HMRC (Counter Avoidance) HMRC (Business Customer &amp; Strategy)</b>

## **1. Welcome and introductions.**

Jeremy Tyler [JT] welcomed attendees to the meeting and introductions were made.

## **2. Minutes of last meeting, matters arising and action points.**

There were no amendments to the minutes of the last meeting and the minutes were adopted.

There were no direct action points from the prior meeting, however the agenda items reflected requests from the prior meeting.

Out of meeting Chris Simpson had provided some further information on the Serial Avoiders Unit.

## **3. Agents Strategy**

Leroy Wilson [LW] provided an update on the risk trigger pilot. He reminded the meeting that the risk trigger pilot had shared 20 of HMRC's self-assessment risk triggers with three external software suppliers for the 2013-14 tax year. The pilot had finished on 31 January 2015 and the results were currently being reviewed and assessed and it was expected a report would be due in the spring.

LW confirmed that the Agent Strategy team are looking to scope additional pilot opportunities, having learnt the lessons from the current pilot, both on content and timings to develop the product.

The meeting debated the difference between guidance and legal interpretation and how 'nudges' need to be clear. There was an acknowledgement that guidance is HMRCs view of how we will implement the law, although we recognise there will continue to be 'grey' areas. Some concerns were also aired that there needed to be a capability for human intervention for any new system to work.

There was some discussion around how the risk triggers had been selected and the software providers chosen to work with. It was agreed that the next meeting should include a presentation on risk triggers.

Action Point 1: Secretariat to arrange for next meeting

## **4. Foreign Account Tax Compliance Act FATCA**

Wayne Strangwood [WS] briefly summarised the current position on the automatic exchange of information due for 2017. The UK are working with 51 other countries to implement this, with a total of 92 committed to introducing it. All major financial centres have committed, with Panama currently the most significant country who have not agreed to introduce this.

The first FATCA reports are due at the end of May 2015. The team are working hard to improve the guidance and acknowledged that there are clear concerns regarding identifying the precise scope of the system, for example whether certain corporate and trust entities are included. WS acknowledged that the migration of the HMRC website to GOV.UK had made information more difficult to access, and work is ongoing to improve both the formatting and flow of information.

HMRC are also looking to publish a quick guide for entities. WS also confirmed that a further forum for agents is due to be hosted to help work through teething issues.

Andrew Hubbard [AH] explained the concerns within the agent community surrounding these issues and the practical difficulties this might create in advising clients and particularly some corporate entities. WS agreed to engage with AH when preparing the guidance for entities to help ensure that key issues were explained.

There was general agreement from the agents present that trusts and corporate entities are still a concern, and that there is separately a general concern around how non-compliance would be approached and whether a pragmatic 'soft landing' approach to penalties would be applied during the initial phase.

WS confirmed that this was an operational issue, however as the policy owner WS would be supporting a soft touch approach. WS also confirmed that further guidance was being worked up in order to clarify the position around trusts and specific corporate entities.

## 5. Update on Mid-size

Andy Leggett [AL] introduced himself as Deputy Director for Mid-size. He provided an operational update on the development of the business group and the current work in hand.

As promised at the prior meeting AL provided an update on the progress of the Fast Track 100 pilot which intends to explore the possible support HMRC could offer fast growing companies. He confirmed that Agents would be contacted in advance of their customers and copied into the letters issued, which would be sent in tranches of 20.

He explained this was a genuine pilot, and that HMRC were looking to explore:

- Demand for support from business
- Barriers to growth or challenges businesses faced
- What practical assistance could HMRC offer?

AL made it clear that this pilot is not looking to take over the agent role in supporting business. Tim Lyford [TL] explained that in his experience it was certainty when taking decisions and knowing these choices would not be challenged which businesses and agents most valued. AL confirmed that the pilot would look to support businesses through a variety of means, including a temporary named support for the business through a key change or event to help provide that clarity or certainty. These named supports would have a series of tax specialists behind them to be able to deal with queries across the whole range of duties.

In addition AL discussed the support Mid-size was providing to businesses through its R+D teams and the work that was in hand to introduce the 'advanced assurance' for first time claimants in AS14.

These topics prompted a discussion within the room on growth and HMRC's role within this. JT explained that ExCom had debated this recently and that HMRC's support for growth is one of our key objectives for the next 5 years. A variety of discussions were triggered around this, including concerns that this did not disrupt the core revenue work that business and agents rely upon.

## 6. Penalties

Jon Evans [JE] joined the meeting to discuss the discussion document on penalties issued on 2 February 2015 [[HMRC penalties: a discussion document - Consultations - GOV.UK](#)]. The consultation closes on 11 May 2015.

The consultation is looking to explore the principles behind how HMRC applies penalties and is the first stage in a longer process to determine whether the current regime is still fit for purpose, as HMRC transforms the way it interacts with its customers.

HMRC are interested in views about:

- how the current system supports our compliance strategy;
- how this might fit into the digital agenda;
- whether the penalties regime should distinguish between generally compliant customers and more deliberate/repeated non-compliance;
- Whether penalties should take into account behaviour across heads of duty rather than the current 'siloed' approach.

The group discussed the timescales for this work, and JE confirmed that some of the proposed changes are dependent on HMRC's longer term, 3-5 year vision and are subject to new Minister's views. AH asked that all the prior work from the last penalty review be considered as there had been significant engagement from Agents on this and he felt it would still have relevance.

There was a discussion on how the framework for behavioural penalties was felt to be good but some of the key questions around how to operate it still seemed unresolved, for example 'How to establish reasonable care/burden of evidence.' There was some concern that this framework could should still be developed further rather than just starting anew.

One thing all the members of the forum agreed with was the need for consistency and that this was one of the key frustrations with the current penalty regime, consistency depended on who you were talking to in HMRC which meant that all customers did not receive the same treatment.

## 7. AOSS update

Mary Purcell [MP] apologised, however the named speaker was unable to attend at short notice and so this item would need to be moved to the next meeting.

A general discussion was held where the agents re-iterated their support for the principles of AOSS but raised some concerns around the project. Specifically, there were concerns regarding the time lag in comparison to other exemplars, the changing focus and that their companies would need a lead time for IT changes. They also wanted to be sure of data needs before any data cleanse, so they were only doing it once. They also expressed concerns on the lack of clarity on key team members within HMRC.

## 8. Any Other Business

No AOB items were raised.

MP confirmed that the items for the next agenda were Scottish rate of income tax, risk triggers, AOSS, and a further Mid-size update, and that a placeholder for the next meeting would be circulated shortly.